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SUBJECT: GOVERNMENT TO INTRODUCE NEW 4-YEAR AGENDA NEXT
LEGISLATIVE TERM; RELATIONS WITH PARLIAMENT IMPROVING

REF: KUWAIT 2871

Classified By: Ambassador Richard LeBaron for reasons 1.4 (b) and (d)

¶1. (C/NF) The new Deputy Prime Minister, Minister of State for Cabinet Affairs, and Minister of State for National Assembly Affairs, Dr. Ismail Al-Shatti, told the Ambassador August 22 that the Government would present a new four-year agenda during the next legislative term. (Note: Parliament is on recess until October 30. End note.) The agenda will include a number of large development projects, including development of Bubiyan and Failaka Islands, the construction of a new commercial and residential area called Silk City, and the privatization of Kuwait's ports. Asked about Project Kuwait, an \$8.5 billion plan to develop Kuwait's northern oil fields, Al-Shatti said he thought it should be a priority, but noted that the new Minister of Energy was somewhat hesitant to confront Parliament on it. Al-Shatti said relations with the Monitor Group, an American consulting firm advising the Government on the agenda, were "productive" and the firm was making "substantive contributions." The Minister also reported that he was recently tasked by the Amir to streamline the approval process for development projects to improve efficiency and speed.

¶2. (C/NF) Al-Shatti said relations between the Government and Parliament had improved since the elections, a fact he attributed to the Prime Minister's leadership and the Government's willingness to support legislation backed by Parliament, citing as an example the recent passage of a key electoral reform proposal (reftel). "Our strategy," he explained, "is that we won't push any legislation (through Parliament) that doesn't have the support of the majority of the 50 MPs." Al-Shatti was optimistic about Government efforts "to cooperate and build a consensus with two important groups in Parliament": the Islamists and the liberals. He said increased Government seriousness about investigating allegations of corruption had also helped improve relations with Parliament. "We are trying to build trust and confidence between the Government and the Parliament, and signal to MPs that we are cooperative and flexible (to a point)," he stated. Al-Shatti added, however, that this new flexibility should not be interpreted by Parliament as weakness by the Government, which would continue to pursue national priorities.

¶3. (C/NF) Bio note: Al-Shatti confirmed that he is no longer an official member of the Islamic Constitutional Movement (ICM), the political arm of the Kuwaiti Muslim Brotherhood. He explained that, per the organization's bylaws, he was expelled after refusing to resign in May in protest over the Government's position on electoral reform. Al-Shatti said he still had "good relations" with ICM figures, but no longer attended the organization's meetings. The Minister reported that as part of his new portfolio he heads the "tender and

bidding committee," which plays a lead role in awarding Government contracts. Al-Shatti was also tasked by the Prime Minister to investigate MPs' allegations of corruption, many of which he said were merely rumors.

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LeBaron